



EXHIBIT 4  
DATE 2-16-09  
HB 2

DATE: February 16, 2009  
TO: Health and Human Services Joint Appropriation Subcommittee  
FROM: Lois Steinbeck  
RE: Decision Points – Medicaid Nursing Home Estimates

Four subcommittee decision points

- DPHHS or LFD caseload estimate
- DPHHS or LFD state special revenue funding
- Offset part of state match with estimated increase in patient contribution
- Transfer appropriation from nursing home to waiver funding for 47 individuals transitioned from nursing home services to waiver services in FY 2009 (so far)

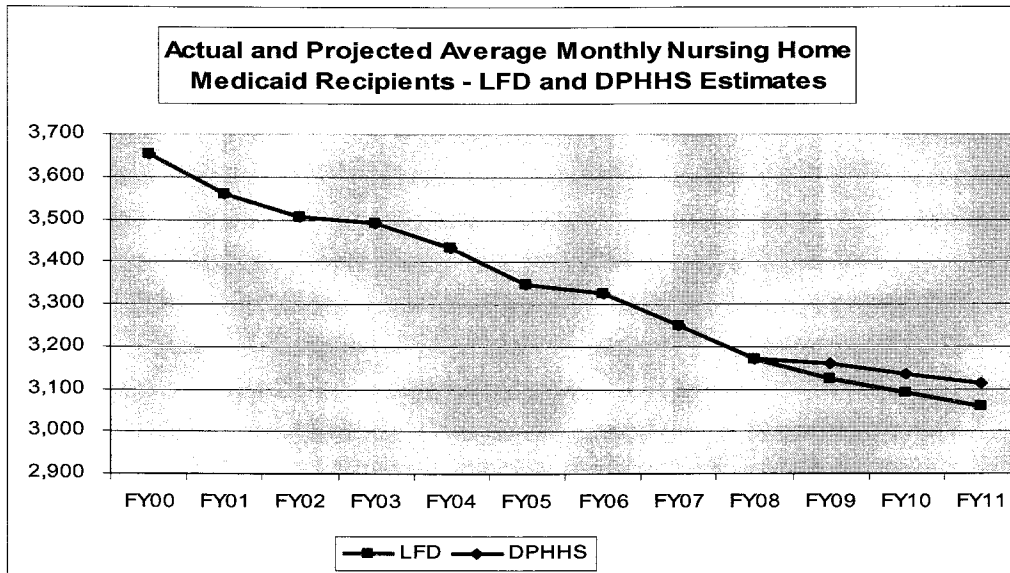
Revised Medicaid nursing home estimates – February 2009

Medicaid Nursing Home Costs 2011 Biennium Executive Budget Compared to LFD Estimates			
Fiscal Year	Executive Request	LFD Estimate	LFD Over (Under) Exec.
<u>FY 2010</u>			
Days of Care	1,144,523	1,133,838	
Rate	<u>\$131.48</u>	<u>\$131.48</u>	
Total	\$150,481,884	\$149,077,084	(\$1,404,800)
State Match	\$48,924,730	\$48,468,001	(456,729)
<u>FY 2011</u>			
Days of Care	1,135,939	1,122,500	
Rate	<u>\$131.48</u>	<u>\$131.48</u>	
Total	\$149,353,260	\$147,586,313	(\$1,766,946)
State Match	\$49,246,494	\$48,663,876	(582,618)
Total State Fund Biennial Difference			<u>(\$1,039,347)</u>

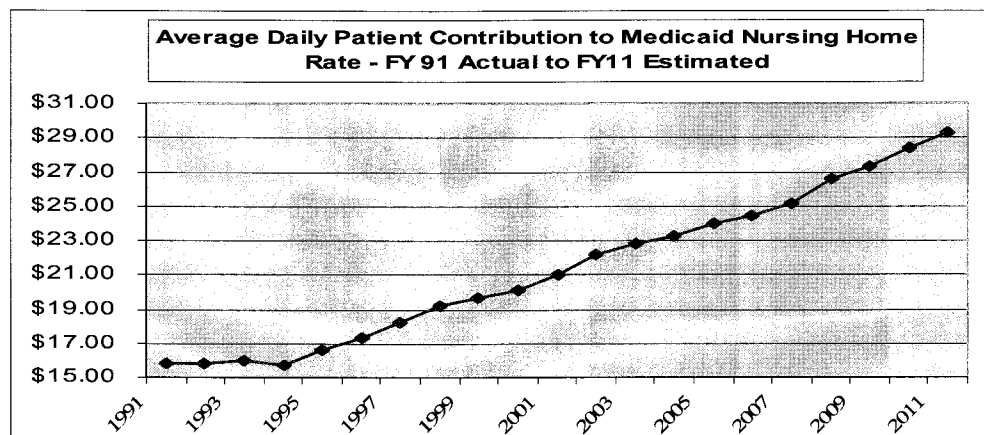
1. Daily rate - two components – state share and patient contribution

Various Medicaid Nursing Home Rates Daily Rate Budgeted Versus Paid			
Rate or Rate Component	Budgeted	Paid	Percent Difference
FY 2009 State Share	\$128.91	\$131.48	2.0%
FY 2009 Patient Contribution	<u>26.40</u>	<u>27.32</u>	<u>3.5%</u>
Total	\$155.31	\$158.80	2.2%
FY 2008 Rate	\$152.24	\$153.13	0.6%
FY 2009 Rate Above FY 2008 Rate			3.7%

2. State share of daily rate for nursing home estimates
  - LFD used FY 2009 budgeted rate in budget analysis and actual FY09 rate in session update
  - Revised DPHHS estimate uses FY 2009 actual paid rate
3. Days of care (LFD estimate serves 22, 29 and 37 fewer persons in FY09, FY10 and FY11)
  - LFD uses 1.0% annual decline from FY08 through FY11
  - DPHHS uses 0.32% annual decline FY08-FY09 with 0.75% annual decline FY10 and FY11



4. Patient contribution
  - Pass through to nursing homes or offset all or a portion of the state share and thereby lower general fund cost
  - Each 1 percent change in patient contribution alters general fund match required by about \$200,000 over the biennium (estimate does not include effect of federal stimulus match change nor lowering nursing home days of care for FY09 waiver transition of 47 persons)



5. General fund support
  - LFD adjusts for lower nursing home utilization fee due to decline in bed days
  - DPHHS carries base budget amount forward

**General Fund Difference - Medicaid Nursing Home Benefits**  
**Executive Budget Compared to LFD Estimates - Feb. 2009 Update**

Fiscal Year/Fund Source	Executive Request	LFD Estimate	LFD Over (Under) Exec.
<u>FY 2010</u>			
Total State Match Required	\$48,924,730	\$48,468,001	(\$456,729)
Less State Special Revenue:			
Utilization Fee	<u>\$10,281,946</u>	<u>\$10,076,307</u>	(\$205,639)
Health and Medicaid Initiative	5,480,319	5,480,319	
Tobacco Settlement Interest	831,850	831,850	
Lien and Estate	597,799	597,799	
Intergovernmental Transfer	<u>293,027</u>	<u>293,027</u>	
Subtotal State Special Revenue	\$17,484,941	\$17,279,302	
General Fund Requirement	<u>\$31,439,789</u>	<u>\$31,188,699</u>	(\$251,090)
<u>FY 2011</u>			
Total State Match Required	\$49,246,494	\$48,663,876	(\$582,618)
Less State Special Revenue:			
Utilization Fee	<u>\$10,281,946</u>	<u>\$9,874,781</u>	(\$407,165)
Health and Medicaid Initiative	5,480,319	5,480,319	
Tobacco Settlement Interest	831,850	831,850	
Lien and Estate	597,799	597,799	
Intergovernmental Transfer	<u>293,027</u>	<u>293,027</u>	
Subtotal State Special Revenue	\$17,484,941	\$17,077,776	
General Fund Requirement	<u>\$31,761,553</u>	<u>\$31,586,100</u>	(\$175,453)
Biennial Difference			<u>(\$426,543)</u>
Each 1% Biennial Offset Using Patient Contribution Increase Based on LFD Estimates			\$200,000

6. Committee can decide whether to transfer funding from nursing home appropriation to waiver appropriation to adjust 2011 biennium appropriations for the FY 2009 transfers from nursing home to waiver services (47 individuals – 17,155 days of care). This action would produce a net savings of about \$1.2 million total funds - 47 individuals transitioned at an average annual cost in the waiver of \$1.1 million compared to nursing home care of \$2.3 million).
7. Can lower nursing home days of care in 2011 biennium if NP 22223 Expand Home and Community Based Waiver Services is adopted to partially offset the cost of expansion.
8. Current executive budget funding for nursing homes compared to revised nursing home Medicaid estimates in the following table.

**General Fund in Executive Budget Compared to  
Revised Caseload Estimates - February 2009**

<u>Executive Budget/Caseload Estimates</u>	<u>FY 2010</u>	<u>FY 2011</u>
<u>December 15 Budget Submission</u>		
Base Budget	\$26,679,429	\$26,679,429
Decision Packages		
22206 Annualize Provider Increase	\$1,097,351	\$1,109,780
22215 Nursing Home Caseload	1,163,336	878,293
22216 Nursing Home FMAP Adj.	<u>1,001,433</u>	<u>1,354,138</u>
Subtotal Adjustments	<u>\$4,107,532</u>	<u>\$4,187,623</u>
Total General Fund	<u>\$30,786,961</u>	<u>\$30,867,052</u>
<u>Revised Budget - February Caseload</u>	<u>\$31,439,789</u>	<u>\$31,761,553</u>
DPHHS Revised Estimate Over (Under) Executive Budget Funding	<u>\$652,828</u>	<u>\$894,501</u>
Biennial Total Revised Caseload		<u>\$1,547,329</u>
<u>LFD Estimates - February Caseload</u>	\$31,188,699	\$31,586,100
LFD Revised Estimate Over (Under) Executive Budget Funding	<u>\$401,738</u>	<u>\$719,048</u>
Biennial Total LFD Change		<u>\$1,120,786</u>
LFD Over (Under) DPHHS		<u>(\$426,543)</u>